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C O N F I D E N T I A L MOSCOW 002880

SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT
EUR/CARC, SCA (GALLAGHER, SUMAR)
DOE FOR FREDRIKSEN, HEGBORG, EKIMOFF

E.O. 12958: DECL: 09/29/2018
TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)
SUBJECT: CZECH DCM SAYS PRESS REPORTS OF DIRECT OIL SALES
PREMATURE

REF: MOSCOW 2262

Classified By: Econ MC Eric T. Schultz for Reasons 1.4 (b/d)

NO MOVEMENT YET ON DIRECT OIL SALES

[11](#). (C) Czech DCM Hyneck Pejcha told us September 25 that recent press reports suggesting that Russia and the Czech Republic had agreed to eliminate middlemen in the oil trade are premature. He said his government has offered to negotiate a framework for direct oil sales (reftel), but that the Russian side has not yet responded. Pejcha said the Czech offer on direct sales was a "negotiating tactic;" he did not speculate as to how Russia might respond but said he expects a response from the GOR prior to upcoming Russia-Czech Republic Economic Cooperation Commission meetings in October.

[12](#). (C) Pejcha said oil supplies from Russia to the Czech Republic in August were 74% of normal flows and that September deliveries will likely be 80% to 90% of normal levels. He said the flows are not constant -- they can be at 100% for days, then drop to 50%. He reiterated that the supply disruptions from Russia, however, have not been a problem for Czech refineries because they have alternative suppliers.

COMMENT

[13](#). (C) If the Czech Republic is successful in negotiating transparent direct sales with Russia, it would demonstrate a second benefit of having alternative suppliers -- encouraging the Russians to behave commercially.
BEYRL